



Enhancing Vietnam's Textile and Garment Exports to Australia and New Zealand: Opportunities, Challenges, and Strategic Solutions

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Abstract:

Vietnam's textile and garment industry is a key driver of economic growth, with exports playing a crucial role. Australia and New Zealand present promising markets, supported by trade agreements such as AANZFTA, CPTPP, and RCEP. However, challenges such as strict quality standards, high logistics costs, and competition from China, Indonesia, and Bangladesh hinder market expansion. This study analyzes Vietnam's export performance, using surveys with 125 businesses and qualitative interviews with 15 companies. Findings highlight difficulties in leveraging trade agreements and meeting rules of origin requirements. Strategic solutions include strengthening supply chains, improving compliance, leveraging digital trade, and enhancing trade promotion. Addressing these challenges will help Vietnam achieve sustainable growth in Australia and New Zealand.

Key Words: Vietnam textile exports, Australia, New Zealand, free trade agreements, market access, competitiveness, supply chain resilience, export strategies.

1. INTRODUCTION

The textile and garment industry is a key driver of Vietnam's economy, contributing significantly to exports and employment. With competitive labor costs and strong production capacity, Vietnam has become a major global exporter. Free trade agreements have created opportunities to expand exports, particularly to Australia and New Zealand, by reducing tariffs and trade barriers.

Australia and New Zealand present promising markets due to their stable economies, high income levels, and increasing demand for textile and garment imports. Vietnam's exports to these countries have grown, supported by agreements such as the ASEAN-Australia-New Zealand Free Trade Agreement, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and the Regional Comprehensive Economic Partnership. However, Vietnam's market share remains modest compared to competitors like China and Bangladesh. Challenges include stringent quality standards, high logistics costs, and intense competition, requiring strategic adjustments for Vietnamese businesses to strengthen their market presence.

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While studies have explored Vietnam's export strategies, limited research focuses on the textile and garment sector's performance in Australia and New Zealand. There is a lack of comprehensive analysis on leveraging trade agreements, overcoming regulatory challenges, and integrating digital trade and sustainability practices to enhance competitiveness.

This study examines Vietnam's textile and garment exports to Australia and New Zealand, identifying challenges and opportunities while proposing strategic solutions for businesses and policymakers. It explores the role of trade agreements, trade promotion initiatives, and digital transformation in improving market access and export efficiency. The article includes several sections: literature review and theoretical framework, research methodology, findings, policy solutions and business actions, and conclusion. Each section provides insights into Vietnam's export performance and strategies for sustainable growth in these markets.

2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Research on international strategies for promoting textile and garment exports provides valuable insights for Vietnam. Mingming Pan & Hien Nguyen (2018) highlighted the benefits of ASEAN countries exporting to industrialized nations, while Jakob Munch & Georg Schaur (2018) found that export promotion significantly enhances business performance. Studies by Sayeeda Bano et al. (2013) emphasized the trade potential between ASEAN and New Zealand, revealing opportunities for Vietnam's exports. Several analyses have examined policies to boost Vietnam's exports. The Trade Promotion Agency Report (2020) reviewed trade promotion programs from 2015 to 2019, identifying strategic gaps. Tran Dinh Hiep (2019) explored Vietnam's exports to Eastern Europe and proposed tailored strategies. Mai Thi Cam Tu (2018) analyzed trade costs' impact on exports, while Nguyen Thi Thuy Hong (2014) and Do Thi Huong (2009) provided insights on Vietnam's export policies towards the EU under WTO regulations.

Focusing on Vietnam's trade with Australia and New Zealand, Nguyen Ha Phuong (2019) assessed the impact of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) using a gravity model, while Trinh Thi Thanh Thuy (2018) and Phung Thi Van Kieu (2018) studied bilateral trade relations, emphasizing slow growth and proposing solutions. Reports from the Vietnam Trade Office (2017) and Asia-Pacific Market Department (2016) provided market penetration strategies for Vietnamese exports. The Vietnam Institute of Trade (2015) suggested maximizing AANZFTA benefits through policy recommendations.

Despite extensive research, gaps remain. Few studies analyze Vietnam's textile and garment exports to Australia and New Zealand from a national policy perspective, or how trade agreements like CPTPP and RCEP can be leveraged. The impact of global factors, such as Australia-China trade tensions, COVID-19 disruptions, and tariff eliminations since 2020, requires further exploration.

Theoretical Framework

This study applies various international trade theories to analyze Vietnam's textile and garment exports to Australia and New Zealand. Comparative Advantage Theory (Ricardo, 1817): This theory posits that nations should specialize in goods they produce efficiently. Vietnam's advantages in low-cost labor and raw material availability make it competitive in textile and garment exports, while Australia and New Zealand, lacking a strong textile industry, rely on imports. Competitive Advantage Theory (Porter, 1990): Competitive edge is built through cost leadership, product differentiation, and value chain optimization. Vietnam can capitalize on its low-cost production while enhancing product quality to meet the growing demand for sustainable textiles in Australia and New Zealand. Strengthening domestic supply chains reduces reliance on imported raw materials, enhancing competitiveness.

Gravity Model of Trade (Tinbergen, 1962; Anderson & Van Wincoop, 2003): Trade is influenced by economic size and geographic distance. While Vietnam faces a geographical challenge, high GDP levels and demand in Australia and New Zealand create significant export potential. Free trade agreements help mitigate distance-related trade barriers. Global Value Chain and Export Strategy (Gereffi & Kaplinsky, 2001): Strengthening Vietnam's position in the global textile value chain requires reducing dependence on Chinese raw materials, adopting advanced technology, and shifting from basic contract manufacturing (CMT) to higher-value models like Free on Board (FOB) production.

These theories provide a foundation for analyzing Vietnam's export challenges and opportunities, guiding strategic solutions for government policies and business practices to enhance market penetration and competitiveness in Australia and New Zealand.

3. RESEARCH METHODOLOGY

This study adopts a mixed-methods approach, combining quantitative surveys and qualitative interviews to analyze Vietnam's textile and garment exports to Australia and New Zealand. A structured survey was conducted with 125 Vietnamese textile and garment businesses engaged in exporting or seeking entry into the Australian and New Zealand markets. The survey assessed challenges, opportunities, and strategies for enhancing exports, focusing on: Market access and information, including difficulties in obtaining trade data and regulatory compliance. Trade promotion and free trade agreements, particularly awareness and use of AANZFTA, CPTPP, and RCEP benefits. Supply chain and production, addressing dependence on imported raw materials and localization efforts. Competitiveness and product quality, focusing on compliance with sustainability standards and technical regulations. Market entry strategies, including the role of trade fairs, business delegations, and digital platforms. Data were collected through closed-ended and Likert-scale questions and analyzed using descriptive statistics to identify trends and insights.

To complement the survey, qualitative interviews were conducted with 15 selected enterprises that have experience exporting to Australia and New Zealand. These semi-structured interviews explored: Market penetration strategies, including entry experiences, partnerships, and distribution channels. Export challenges, such as logistics, regulatory barriers, and competition. Trade promotion impact, assessing the effectiveness of government-sponsored trade events and digital platforms. Free trade agreement utilization, examining how businesses leverage tariff reductions and rules of origin compliance. Growth strategies, focusing on investments in technology, sustainability, and supply chain resilience. Thematic analysis was used to interpret qualitative data, providing deeper insights into industry challenges and solutions.

While the study provides valuable insights, some limitations exist such as sample representation, as the findings may not fully capture the entire textile and garment sector because there are more than 5000 businesses in Vietnam in this sector. Industry focus, with an emphasis on export-oriented businesses that may overlook domestic market challenges. Market dynamics, considering external factors like trade policies, supply chain disruptions, and changing consumer demand that may impact applicability. Despite these limitations, this mixed-methods approach ensures a comprehensive analysis, integrating both statistical trends and qualitative business perspectives on Vietnam's textile and garment exports to Australia and New Zealand.

4. FINDINGS

4.1. Vietnam's Export Situation to Australia and New Zealand

Vietnam's textile and garment industry is a vital economic sector, contributing significantly to export revenue and employment. However, sustaining and expanding market share requires value-added enhancements and compliance with stringent free trade agreement requirements. The industry's reliance on imported raw materials, primarily from China, South Korea, and ASEAN countries, remains a key challenge, limiting Vietnam's ability to maximize trade benefits that require high localization rates. Despite government policies supporting the sector, most initiatives focus on garment processing rather than critical areas such as weaving, dyeing, and supporting industries. Consequently, over 70 percent of Vietnam's 3,800 textile and garment factories specialize in garment processing, with only a small percentage involved in fabric production and dyeing, leading to low value-added exports.

Key Challenges

- Supply chain dependence on imported raw materials reduces competitiveness and limits trade benefits.
- Stringent product quality, origin, and environmental standards in Australia and New Zealand.
- Intense competition from China, Indonesia, and Bangladesh.
- High logistics costs due to long geographical distances.
- Limited market knowledge and access to consumer insights.

Market Opportunities

- Post-pandemic economic recovery has increased demand for imported goods in Australia and New Zealand.
- Free trade agreements such as AANZFTA, CPTPP, and RCEP offer tariff reductions and improved market access.
- Supply chain shifts from China to alternative suppliers create new opportunities for Vietnamese exports.
- Growth in e-commerce allows businesses to reach markets with reduced distribution costs.

Vietnam's textile and garment exports to Australia and New Zealand have grown steadily, doubling from 316.1 million dollars in 2014 to 648.9 million dollars in 2023. The average annual growth rate of 9.9 percent closely aligns with Vietnam's overall export growth of 10.6 percent. While Australia remains the primary market, exports to New Zealand have also increased, supported by trade agreement incentives. Vietnam's presence in New Zealand's market remains modest, accounting for only 0.2 percent of its total global exports. However, trade agreements provide tariff incentives and reduced non-tariff barriers, offering significant growth potential. To fully capitalize on these opportunities, businesses must enhance product quality, meet technical standards, and comply with rules of origin requirements.

Strategic Considerations

- Investing in domestic supply chains to reduce dependency on imported materials.
- Strengthening quality control and sustainability practices to meet regulatory standards.
- Expanding digital trade to improve market penetration.
- Building strong brand recognition to compete effectively in regional markets.

Vietnam's textile and garment sector has substantial opportunities for expansion in Australia and New Zealand. However, achieving long-term success requires targeted strategies to overcome supply chain constraints, regulatory challenges, and competitive pressures. By leveraging trade agreements,

improving quality standards, and utilizing digital trade channels, Vietnamese businesses can strengthen their position in these markets and drive sustainable export growth.

4.2. Vietnam's Textile and Garment Exports to Australia and New Zealand (2012-2023)

Export Growth and Market Trends

Vietnam's textile and garment exports to Australia and New Zealand have experienced steady growth over the past decade. Export turnover more than doubled from 316.1 million dollars in 2014 to 648.9 million dollars in 2023, reflecting an average annual growth rate of 9.9 percent. This rate closely aligns with Vietnam's overall export growth of 10.6 percent.

Despite this progress, Vietnam's market share in New Zealand remains small, accounting for only 0.2 percent of its total global exports. From New Zealand's perspective, Vietnam ranks 13th among its sources of imported goods, with exports from Vietnam making up only 1.9 percent of New Zealand's total imports in 2023. These figures indicate significant untapped potential for Vietnam's textile and garment industry in both markets.

Impact of Free Trade Agreements

Trade agreements such as AANZFTA, CPTPP, and RCEP have played a crucial role in boosting Vietnam's exports by reducing tariffs and facilitating market entry. Australia has gradually lowered import tariffs on textiles, apparel, and footwear since the implementation of AANZFTA in 2010 and CPTPP in 2018, making Vietnamese products more competitive. Similarly, New Zealand offers favorable conditions for Vietnamese exporters under these agreements, though specific data on Vietnam's textile exports to New Zealand remains limited.

Despite tariff reductions, challenges remain in fully capitalizing on free trade agreements. Many businesses struggle with rules of origin compliance, preventing them from maximizing trade benefits. Improving awareness and technical capacity will be critical for increasing export efficiency.

Challenges and Opportunities

- Australia and New Zealand maintain strict quality, safety, and environmental standards, requiring businesses to meet high compliance levels.
- Intense competition from China, Indonesia, and Bangladesh continues to pressure Vietnamese exporters.
- Logistics costs remain high due to geographical distance, impacting price competitiveness.
- Limited market research and business connections hinder Vietnamese companies from fully penetrating these markets.

At the same time, opportunities arise from shifting global supply chains, where buyers seek alternatives to China. Additionally, the rapid growth of digital trade allows businesses to engage with Australian and New Zealand consumers through e-commerce platforms, reducing dependency on traditional distribution channels.

Strategic Priorities for Growth

- Strengthening production capabilities and supply chain resilience to reduce reliance on imported materials.
- Enhancing compliance with technical standards and sustainability regulations.
- Expanding digital trade initiatives to improve market access and brand recognition.
- Establishing long-term partnerships with Australian and New Zealand importers to secure stable demand.

By addressing existing challenges and capitalizing on trade agreements, Vietnam's textile and garment sector can enhance its market position in Australia and New Zealand, ensuring long-term export growth and stability.

Table 1: Vietnam's Exports to Australia and New Zealand (2014-2023)

Year	Vietnam's Export Value to New Zealand (billion USD)	Vietnam's Export Value to Australia (billion USD)
2014	0.31614	3,99
2015	0.326,08	2,91
2016	0.359,91	2,86
2017	0.458,59	3,28
2018	0.504,18	3,97
2019	0.542,43	3,53
2020	0.498,31	3,62
2021	0.701,89	4,40
2022	0.698,80	5,52
2023	0.648,88	5,22

Source: General Department of Customs, 2024

4.3. Policy Solutions and Business Actions for the Textile and Garment Market

To enhance export efficiency to Australia and New Zealand, 95% of surveyed enterprises believe that a comprehensive set of solutions should be implemented, including: Improving trade promotion effectiveness by increasing support for businesses to participate in fairs and exhibitions while promoting the application of information technology in product marketing. Enhancing bilateral cooperation mechanisms by establishing direct communication channels between businesses and regulatory agencies to address challenges and propose solutions. Supporting enterprises in leveraging free trade agreements by simplifying the certification process for rules of origin and disseminating information on tariff preferences. Developing the supporting industry to boost domestic production of raw materials and reduce reliance on imports. Improving product quality and establishing an internationally recognized quality management system to help Vietnamese textile and garment products better meet the stringent requirements of the Australian and New Zealand markets.

With strategic directions and specific solutions, Vietnam can better capitalize on opportunities from international economic integration, increasing textile and garment export turnover to Australia and New Zealand in the coming period.

Most textile and garment enterprises interviewed emphasized the need to strengthen trade promotion, including organizing fairs, exhibitions, and business delegations to Australia and New Zealand to promote products. All surveyed businesses expressed the need for support in accessing market information, building a database on consumer demand, import regulations, and potential business partners. 78% small and medium-sized enterprises stated that they require assistance in improving product quality, standardizing production, and meeting technical requirements in Australia and New Zealand. Many businesses, in particular, wish to receive support in implementing environmentally friendly production processes and maximizing benefits from free trade agreements.

All surveyed enterprises want a simplified process for obtaining certificates of origin to take advantage of tariff preferences. Additionally, businesses are proactively exploring and utilizing the benefits of free

trade agreements by ensuring their products meet the rules of origin to qualify for preferential tax rates. Enterprises are also diversifying their sources of raw materials, actively reducing dependence on Chinese inputs by seeking suppliers from ASEAN countries or investing in the development of the domestic supporting industry.

91% businesses seek to enhance digital technology applications and leverage e-commerce to expand their markets and reduce distribution costs. 89.6 % enterprises believe that brand development and product quality improvement are crucial. They emphasize the need for a well-structured marketing strategy to strengthen brand recognition in the Australian and New Zealand markets. 92% businesses recognize the importance of collaborating with foreign enterprises. They aim to establish partnerships with major importers and retailers in Australia and New Zealand to increase market access opportunities. Vietnam's textile and garment exports to Australia and New Zealand hold significant growth potential thanks to free trade agreements and the global supply chain shift. However, to fully exploit this potential, businesses need to enhance their competitiveness, diversify raw material sources, and adopt a proactive approach in market access through e-commerce and strategic partnerships. The government and relevant authorities should also implement appropriate support policies to foster sustainable export growth in the coming years.

Solution 1. Vietnam's Textile and Garment Exports to Australia and New Zealand: Opportunities and Solutions

Vietnam's textile and garment exports to Australia and New Zealand have yet to reach their full potential, given Vietnam's production capacity and the import demand of these two markets. The export turnover of Vietnam to Australia and New Zealand remains a small proportion of their total import value. The geographical distance and differences in consumer preferences present challenges for Vietnamese businesses. Many companies lack market information and face difficulties in market research and trade promotion activities. To enhance exports to these markets, government agencies must intensify trade promotion efforts and implement targeted programs to boost exports to Australia and New Zealand. They are:

A structured approach is required to select participants for trade promotion programs in Australia and New Zealand. This aligns with the preferences of surveyed businesses, which emphasize the importance of selecting appropriate participants. To ensure an effective selection process, the following criteria should be prioritized:

- *Priority for Reputable Enterprises:* Businesses with recognized certifications, participation in quality management programs, national branding initiatives, and strong leadership potential in the industry should be selected. These companies must have the capability to invest in their businesses and actively contribute to industry development.
- *Focus on Value-Added Products:* In the textile, garment, and footwear sectors, companies that can independently develop products, designs, and brands should be prioritized.
- *Encouragement for Local Initiatives:* Organizations and localities that integrate trade promotion efforts into international programs and projects should be supported, optimizing resources in the context of limited budgets.

Efforts should be concentrated on trade promotion initiatives for the textile and garment sector, aligning with the Ministry of Industry and Trade's strategy for boosting exports to Australia and New Zealand through 2025.

Trade promotion efforts must be continuously enhanced and adapted to suit each industry's characteristics. This will help Vietnamese enterprises find potential partners and expand their market share in Australia and New Zealand. Key initiatives include:

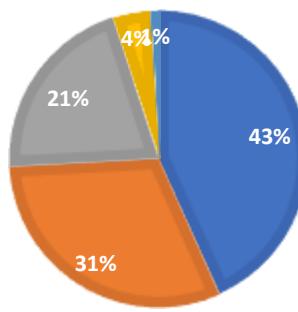
- *Sustainable Branding:* Developing a unified trade promotion and communication strategy focused on "Sustainable Made in Vietnam" textile and garment products.
- *Participation in Trade Fairs:* Increasing the organization of business delegations to participate in trade fairs in Australia and New Zealand. Addressing concerns about high trade promotion costs due to long distances and vast market coverage, government support is crucial in helping businesses access these markets. Trade delegations and exhibition participation should be prioritized to introduce Vietnamese products effectively.

To reduce costs and enhance the efficiency of trade promotion, digital technology applications must be integrated into trade promotion activities for Australia and New Zealand. This aligns with the expectations of 61% of surveyed enterprises. Various digital approaches include:

- *E-commerce Platforms:* Establishing shared exhibition and sales spaces for Vietnamese enterprises on international e-commerce platforms.
- *Membership Support:* Assisting businesses in creating and maintaining accounts on digital trade platforms.
- *Legal and Branding Assistance:* Providing legal support for trademark registration in export markets, redesigning packaging and labeling to comply with market standards, and promoting products through social media and search engines.
- *Mobile Applications:* Developing apps that enable businesses and their representatives to participate in online trade fairs and exhibitions directly with Australian and New Zealand markets.

FIGURE 1: TRADE FAIRS IN AUSTRALIA AND NEW ZEALAND HELP EXPAND VIETNAM'S MARKET

■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly



By implementing these strategies, Vietnamese enterprises can actively participate in trade promotion programs, gain direct benefits, and enhance their competitiveness in the Australian and New Zealand markets.

Solution 2. Enhancing the Effectiveness of Bilateral Trade Cooperation Mechanisms between Vietnam, Australia, and New Zealand

To maximize the effectiveness of bilateral trade cooperation mechanisms between Vietnam and Australia/New Zealand, the cooperation frameworks must align with the existing Strategic Partnership

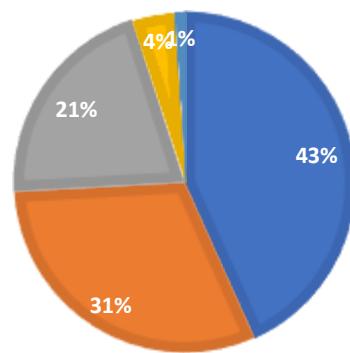
and facilitate business activities, including imports and exports, with these markets. It is crucial to gather input from businesses, particularly those engaged in trade with Australia and New Zealand, regarding the proposed cooperation initiatives at each stage of discussion with Australian and New Zealand counterparts. This aligns with the expectations of surveyed businesses, where 62% considered consulting the business community on bilateral trade cooperation issues as highly important, and 16% deemed it important.

A direct contact channel or hotline under the Vietnam-Australia and Vietnam-New Zealand bilateral trade cooperation mechanisms should be set up. This will allow businesses to promptly report difficulties and obstacles related to trade with these markets. This initiative is supported by surveyed businesses, with 34% considering it highly important and 48% finding it important.

Key areas of cooperation should focus on supporting businesses and facilitating trade with Australia and New Zealand, including as follows: Ensuring mutual recognition of technical standards for exported products (e.g., food safety regulations, packaging requirements). Assisting businesses in improving product quality to meet market requirements. Limiting the application of trade barriers and trade defense measures on exported goods. By implementing these measures, Vietnam can strengthen its trade relationships with Australia and New Zealand, creating a more favorable environment for businesses to expand their exports to these markets.

FIGURE 2: ALIGN TRADE FRAMEWORKS WITH THE STRATEGIC PARTNERSHIP.

■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly



Solution 3. Maximizing the Benefits of Free Trade Agreements between Vietnam, Australia, and New Zealand

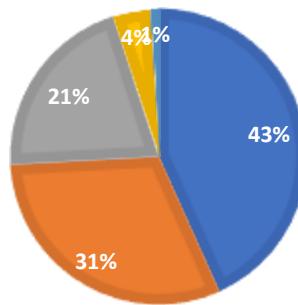
Vietnam, Australia, and New Zealand are all members of key regional Free Trade Agreements (FTAs) such as AANZFTA, CPTPP, and RCEP. These agreements are already in effect, offering significant preferential commitments for import and export activities. While the Vietnamese government and relevant ministries have implemented various measures to help businesses leverage these agreements, further efforts are needed to fully capitalize on their benefits.

This includes streamlining procedures, categorizing businesses for preferential treatment in C/O issuance, expanding online C/O applications, and promoting self-certification of origin. These steps align with the expectations of 71% of surveyed businesses (See Figure). Additionally, enhanced cooperation and information exchange between Vietnam's C/O-issuing agencies and their counterparts in Australia and New Zealand are essential to swiftly address challenges businesses may encounter when using preferential C/Os under AANZFTA, CPTPP, and RCEP for customs clearance.

Businesses need to fully understand trade commitments under these agreements, as well as sector- and product-specific regulations and market conditions, to make informed strategic decisions. This aligns with the expectations of 91% of surveyed businesses. To achieve this, collaboration is necessary among local People's Committees, industry associations, Vietnam's trade offices in Australia and New Zealand, and trade representatives from Australia and New Zealand in Vietnam. Additionally, specialized training sessions should be organized, focusing on areas such as: (i) Navigating tariff schedules (ii) Interpreting rules of origin commitments. By implementing these measures, Vietnam can help businesses maximize their utilization of trade preferences, enhancing their competitiveness in the Australian and New Zealand markets.

**FIGURE 4: ENHANCE C/O COORDINATION
BETWEEN VIETNAM, AUSTRALIA, AND NEW
ZEALAND.**

■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly

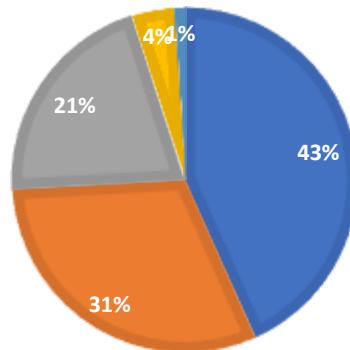


Solution 4. Strengthening Trade Facilitation and Compliance for Vietnamese Exports to Australia and New Zealand

From a result of survey, to enhance Vietnam's export capabilities and ensure compliance with trade regulations in Australia and New Zealand, the following measures should be implemented. Government agencies must improve their ability to forecast and provide timely updates on changes in Australia's and New Zealand's trade barriers for imported goods. Accurate and early warnings will enable businesses to proactively adapt to new trade restrictions and regulations. A nationwide regulatory and certification system, aligned with international standards, should be established from the central to local levels. Strict quality control must be applied at all stages, from raw materials to finished products. The government should also focus on strengthening quality control agencies by investing in human resource training and upgrading testing facilities with modern equipment to ensure precise assessments compatible with those in developed countries.

FIGURE 5: LEVERAGE STRACAP PROGRAMS TO HELP FIRMS MEET TECHNICAL BARRIERS.

■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly



Businesses should leverage support programs on standards, technical regulations, and conformity assessment procedures (STRACAP) that Australia and New Zealand have committed to under cooperation frameworks with Vietnam. These programs can help improve the capacity of regulatory agencies in guiding businesses to comply with technical barriers, inspection, and quarantine requirements in Australia and New Zealand. The government should compile and publish handbooks outlining the general import standards of Australia and New Zealand. These guides should provide detailed instructions for Vietnamese businesses on market entry strategies and regulatory compliance in these countries.

By implementing these measures, Vietnam can enhance its export readiness, improve regulatory compliance, and strengthen trade relations with Australia and New Zealand.

Solution 5. Diversifying Raw Material Sources and Strengthening Supply Chain Resilience

In the short term, domestic raw material supplies cannot fully meet the demands of export-oriented production. Therefore, it is essential to diversify raw material sources and avoid dependence on a single or limited number of import partners. This strategy will help mitigate risks associated with supply chain disruptions.

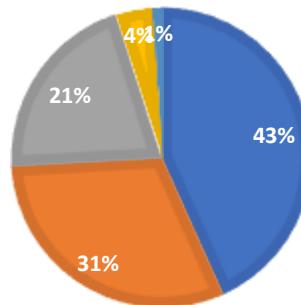
Currently, Vietnam's textile, garment, and footwear industries heavily rely on raw material imports from China. While China's role as a key supplier is undeniable, alternative sourcing options exist in South Asia and Southeast Asia. In particular, India, Bangladesh, and Pakistan are strong suppliers of raw materials for the textile and footwear sectors.

Government agencies should actively guide and support businesses in diversifying their import markets for raw materials, encouraging enterprises to explore sourcing opportunities from these alternative suppliers. Developing the supporting industries for raw material production is a long-term solution that must follow a structured roadmap. In the long run, continuous efforts are needed to expand Vietnam's supporting industries for export production. This aligns with the expectations of 42% of surveyed businesses that emphasize the importance of developing a local supply chain.

For the Australian and New Zealand markets, a clear strategy should be established to develop a stable supply chain for textile and footwear materials. Businesses should be encouraged to form integrated production-to-export linkages, ensuring greater autonomy and sustainability in export activities.

FIGURE 6: COLLABORATION WITH ASEAN ENSURES QUALITY RAW MATERIALS FOR FTAS.

■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly



Solution.6. Enhancing Market Information Dissemination and Market Research for the Australian and New Zealand Markets

To ensure market information reaches a wide range of businesses, it is essential to improve the effectiveness of information dissemination regarding the Australian and New Zealand markets through the following measures: The preparation of promotional and informational materials on the Australian and New Zealand markets should be conducted carefully, scientifically, and systematically to ensure the effectiveness of market intelligence efforts. These materials should cover both general market overviews and in-depth industry-specific information, including tariff issues, rules of origin, technical standards, and trade defense measures. Information should be structured and compiled in a unified manner, making it easy for businesses to search and reference.

Traditional methods, such as seminars and online conferences, remain important but should be supplemented with technology-driven solutions. Given the rapid advancements in digital technology, social media, and mobile applications, authorities should explore new communication channels to reach businesses more effectively. Utilizing mobile applications and social media for market updates and guidance will significantly increase accessibility and engagement.

Policies instruments should be introduced to support commercial information services and assist Vietnamese businesses in obtaining market insights for Australia and New Zealand. The quality of government and Ministry of Industry and Trade (MOIT) market information portals should be upgraded to ensure better service and accessibility for businesses. Vietnam's trade offices in Australia and New Zealand should increase their support for Vietnamese businesses by providing market intelligence and connecting them with potential buyers in these markets. The government should consider allocating funds for collecting specialized market data. Hiring market analysts and industry experts to conduct in-depth studies on different sectors will help devise targeted solutions for boosting exports to Australia and New Zealand.

The business actions are resulted from the structured survey with responses from 125 companies in textile and garment sector, also this survey was supplemented by qualitative interviews with 15 selected businesses in textile and garment sector.

Business Action 1. Strategies for Businesses to Maximize Benefits from AANZFTA, CPTPP, and RCEP

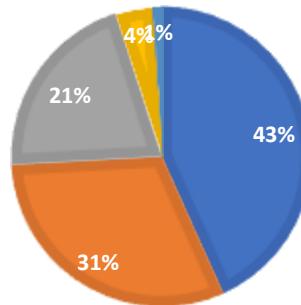
Businesses must proactively address their limitations in meeting the rules of origin requirements under AANZFTA, which mandate the use of locally sourced materials and/or materials from ASEAN, Australia,

and New Zealand. In the textile and garment sector, most raw materials are currently imported from China, meaning that Vietnamese products often do not qualify for preferential tariffs under AANZFTA. As a result, businesses should consider shifting to domestic raw materials, importing from ASEAN countries, or developing their own supply sources. Develop proposals for establishing raw material centers, which could help them secure preferential loans from banks to build these centers. Actively collaborate with authorities to support the development of auxiliary industries in the coming years. Partner with domestic suppliers of high-quality raw materials to ensure a stable supply chain for export production.

Additionally, businesses should consider partnering with ASEAN enterprises to source materials that are either unavailable or of insufficient quality in Vietnam.

FIGURE 7: BUSINESSES SHOULD ADJUST SOURCING TO MEET AANZFTA RULES AND GAIN TAX BENEFITS.

■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly



Since CPTPP only came into effect in 2019, many businesses are still unfamiliar with the agreement and the opportunities it offers. It is crucial for businesses to proactively research CPTPP regulations and participate in government-led promotional and informational programs to understand tariff and non-tariff commitments; and recognize that Vietnam's exports to Australia and New Zealand face challenges due to CPTPP's commitments on non-tariff barriers, such as SPS, TBT, labor, unions, and intellectual property regulations; and fully comprehend the tariff and non-tariff commitments to ensure proper compliance and take advantage of preferential treatment.

The origin of raw materials is a key factor in determining whether businesses can benefit from tariff reductions under CPTPP. To qualify, materials must originate from within Vietnam or CPTPP member countries. However, many key sectors, including textiles, seafood, and agriculture, still rely heavily on non-CPTPP suppliers. Therefore, similar to AANZFTA, businesses must actively seek alternative material sources that comply with CPTPP's rules of origin. Businesses can ensure self-sufficiency by producing their own raw materials through in-house factories and workshops. Collaboration with authorities is necessary to foster the development of supporting industries and increase domestic raw material production. Partnering with local suppliers is essential for maintaining a high-quality, stable supply chain. If domestic supply is insufficient, businesses should explore sourcing from other CPTPP member countries.

RCEP, effective since January 1, 2022, offers a key advantage with its harmonized and more flexible rules of origin, benefiting Vietnam's major export sectors, particularly textiles and agro-fisheries. Under RCEP, goods qualify as originating if they meet one of the following criteria: They are wholly obtained or

produced in a member country. They are made exclusively from originating materials from one or more member countries. They incorporate non-originating materials but meet the specific product rules.

RCEP allows Vietnamese businesses to leverage diverse sources of imported raw materials from within the bloc. Many of Vietnam's key exports rely on materials imported from RCEP members, including China, which are then used for domestic production and exports to Australia and New Zealand.

RCEP also provides flexibility in sourcing materials globally. For example, fabrics for textile manufacturing can be imported from any country, and as long as the cutting and further processing occur in Vietnam, the finished products can qualify for preferential tariffs when exported to Australia and New Zealand.

From the survey, to maximize benefits from RCEP, businesses must: Thoroughly understand the agreement and its relaxed rules of origin. Strategically plan to capitalize on these benefits while ensuring compliance. Enhance product quality and competitiveness, as RCEP also provides similar advantages to other member countries, increasing competition in the Australian and New Zealand markets.

Business action 2. Actively participate in market information dissemination activities and trade promotion programs

Textile and garment businesses must fully recognize the importance of market information dissemination, market access guidance, and trade promotion activities organized by government agencies. These activities provide valuable opportunities for businesses to understand the market, including consumer demand, preferences, purchasing habits, and retail systems. They also offer chances to connect with import partners and expand business networks.

Through trade promotion programs, businesses can boost exports, gain insights into market demands, and develop appropriate strategies for sustainable growth. However, many Vietnamese enterprises remain hesitant about the Australian and New Zealand markets due to geographical distance, limited market information, and the extensive market landscape. As a result, they are often reluctant to invest in market research and trade promotion. Additionally, some businesses still do not consider Australia and New Zealand as potential target markets, instead focusing on traditional key markets such as Japan, South Korea, China, the United States, and the EU.

It is essential for businesses to shift this mindset, proactively invest in expanding partnerships, and seize opportunities in Australia and New Zealand to diversify their markets. This will help reduce dependency on a few specific markets and minimize risks in case of disruptions.

To effectively invest in trade promotion activities and boost exports to Australia and New Zealand, Vietnamese enterprises should consider the following: Develop a marketing strategy and an export promotion plan tailored to Australia and New Zealand, while enhancing marketing capabilities and actively participating in export promotion activities in these markets. Actively seek business partners and showcase products by participating in trade fairs, exhibitions, and specialized conferences held in Vietnam, Australia, and New Zealand. Maintain close communication with relevant authorities (such as the Trade Promotion Agency, Vietnam Chamber of Commerce and Industry, Industrial and Trade Information Center, and Vietnam TBT Office) to conduct thorough market research on Australia and New Zealand. Businesses should also engage with the Vietnamese trade offices in these countries to address challenges and seek guidance and support. Additionally, collaborating with Australian and New Zealand companies will help businesses understand import policies, market regulations, and consumer preferences. Participate in trade promotion activities organized by the government and industry associations to connect with potential buyers and business partners. Leveraging government support for trade promotion in Australia and New Zealand is particularly beneficial for small and medium-sized

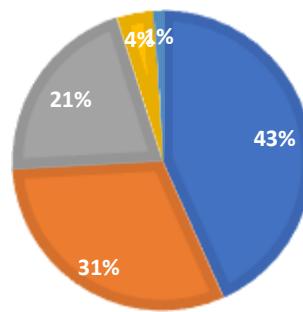
enterprises with limited financial resources, helping them explore the market and establish partnerships efficiently.

Business action 3: Enhance production and processing capacity, improve competitiveness, ensure quality control, and develop appropriate business strategies for the Australian and New Zealand markets

Businesses must allocate resources to enhance production capacity, improve processing capabilities, and strengthen competitiveness. They need to proactively seize opportunities and maximize government support to boost their competitive edge in an increasingly integrated and dynamic global market. Regularly update market information and adopt new production technologies to remain competitive and effectively access target markets. Actively innovate business strategies, enhance management capabilities, improve productivity, product and service quality, and overall competitiveness. Standardizing business operations is essential to meet the high standards and requirements of the Australian and New Zealand markets. Invest in market research to understand shifting consumer demands and in product design to create added value.

FIGURE 8: BOOST CAPACITY AND COMPETITIVENESS TO TAP INTO AUSTRALIA AND NEW ZEALAND.

■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly



Applying appropriate technologies will ensure high-quality products that meet market needs while maintaining cost efficiency. Strengthen integration into regional and global production and value chains to enhance product and service value. Deeper participation in these supply chains will help Vietnamese businesses move up the value chain, increasing their market position. As labor specialization and production linkages expand, businesses should actively seek opportunities to engage in this process for long-term competitiveness and market expansion. Focus on transitioning to sustainable business models aligned with modern trends such as clean production, green manufacturing, energy efficiency, and environmental protection. These are also key criteria for imported goods in Australia and New Zealand. Prioritize human resource development to meet the demands of technological innovation and high-quality production processes. Employee training and capacity-building efforts should align with market requirements, including improving skills, English proficiency, and knowledge of international trade laws and free trade agreements to maximize their benefits. To successfully penetrate and expand market share in Australia and New Zealand, Vietnamese businesses must develop long-term business strategies. Short-term, opportunistic approaches that lack coordination and rely on unsustainable competition will not be effective. Companies should select appropriate product and market entry strategies based on actual market conditions and their own capabilities. Market entry should be a

gradual process—starting with product introduction, building trust, and establishing relationships before conducting transactions. Fulfilling contractual commitments, even amid price fluctuations, is crucial to maintaining customer trust and avoiding retaliatory actions. Invest in product research and innovation to improve quality, better meet consumer demand, and navigate current and future technical trade barriers. Strengthen collaboration among Vietnamese businesses to build market power and competitiveness against exporters from other countries while avoiding harmful domestic competition.

Business Action 4: Develop the company's product brand and focus on maintaining its reputation in the Australian and New Zealand markets

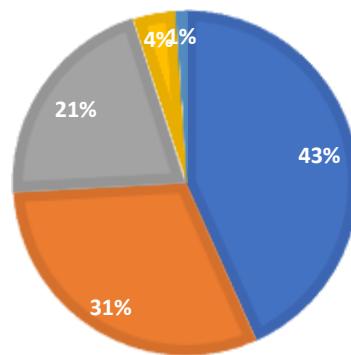
Focusing on building, enhancing, and protecting product branding and corporate image is a crucial factor in strengthening a business's competitiveness. In today's fast-evolving global economy, the more a country's products and brands dominate international markets, the stronger that nation becomes. Therefore, when a business establishes a reputable brand for its products, its corporate brand value also increases. Most Vietnamese enterprises, particularly small and medium-sized businesses, face challenges in improving their brand image, protecting trademarks, and registering intellectual property rights both in Vietnam and in the Australian and New Zealand markets.

In trade activities with Australian and New Zealand partners, Vietnamese businesses must prioritize maintaining credibility. In these markets, the reputation of foreign exporters and the quality of exported goods spread quickly. There is no better advertisement or competitive advantage than maintaining a strong reputation and high product quality.

When cooperating with a new customer, Australian and New Zealand importers typically place two or three trial orders to ensure that suppliers meet their quality standards. If these requirements are met, subsequent orders will be placed via email or fax, and order volumes may increase. Importers in these markets do not tolerate suppliers breaking commitments, such as selling to other importers despite exclusivity agreements. Any attempt to bypass an importer will be a serious mistake, as they will quickly uncover such actions.

FIGURE 9: BRAND BUILDING AND PROTECTION BOOST COMPETITIVENESS.

■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly



Another critical point is that Australian and New Zealand importers dislike price bargaining. They are willing to negotiate a reasonable price, often expecting discounts of 20% or more. However, if a foreign supplier offers an unrealistic price, importers are unlikely to consider the offer. Therefore, when quoting prices to Australian and New Zealand importers, the most important factor is to provide a reasonable and competitive price from the outset.

5. CONCLUSION

Vietnam's textile and garment industry plays a vital role in the country's economy, with exports serving as a key driver of growth. Free trade agreements such as AANZFTA, CPTPP, and RCEP have opened new opportunities for Vietnam to expand its presence in the Australian and New Zealand markets. Despite these advantages, challenges such as compliance with strict quality standards, high logistics costs, and competition from established exporters continue to hinder Vietnam's market penetration.

This study highlights that while Vietnam's exports to Australia and New Zealand have grown steadily, there remains significant untapped potential. Businesses must adopt strategic measures to maximize the benefits of trade agreements, enhance product quality, and improve supply chain efficiency. Investments in digital trade, sustainability initiatives, and branding are essential to strengthening Vietnam's competitive position. Policymakers should focus on supporting businesses through trade promotion programs, streamlined certification processes, and infrastructure development for textile and garment manufacturing. Strengthening bilateral trade cooperation and fostering industry-wide collaborations will also be critical to overcoming existing barriers.

By addressing these challenges and leveraging available opportunities, Vietnam can further enhance its textile and garment exports to Australia and New Zealand. A combined effort from businesses and policymakers will be essential in achieving sustainable export growth, improving market resilience, and securing a stronger foothold in these high-potential markets.

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Annex 1: Survey Results (125 Businesses in Textile and Garment Sector)

STT	Surveyed Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Your business struggles to access market info on Australia and New Zealand.	29.5%	30.5%	23%	12%	5%
2	Trade fairs in Australia and New Zealand help expand Vietnam's market.	31.9%	37.1%	21.2%	5.8%	4%
3	The government should prioritize leading firms for trade promotion.	31.8%	30.1%	25%	10.1%	3%
4	Tech adoption in trade boosts efficiency and cuts costs.	32.6%	36%	22.4%	5.8%	3.2%
5	A unified campaign is needed for "Sustainable Made in Vietnam."	35.9%	35.1%	15.8%	9.1%	4.1%
6	Collecting business feedback is key to shaping trade frameworks.	50%	35%	10%	3%	2%
7	Set up a hotline for trade issues with Australia and New Zealand.	48%	37%	10%	3%	2%
8	Prioritize mutual standards and product quality support.	52%	34%	9%	3%	2%
9	Reduce trade barriers to aid exports.	55%	32%	8%	3%	2%
10	Align trade frameworks with the Strategic Partnership.	45%	35%	12%	5%	3%
11	Simplify and modernize C/O issuance with online and self-certification.	50%	33%	10%	5%	2%
12	Enhance C/O coordination between Vietnam, Australia, and New Zealand.	48%	35%	10%	5%	2%
13	Increase awareness of trade commitments in FTAs.	51%	34%	9%	4%	2%
14	Provide training on tariffs and origin rules for exporters.	49%	36%	9%	4%	2%
15	Ensure inter-agency cooperation to maximize FTA benefits.	50%	34%	10%	4%	2%
16	Strengthen trade barrier forecasting for better business response.	47%	36%	11%	4%	2%

17	Develop a nationwide quality management system aligned with global standards.	48%	35%	10%	5%	2%
18	Leverage STRACAP programs to help firms meet technical barriers.	50%	34%	10%	4%	2%
19	Publish guides on Australia and New Zealand's import standards.	46%	36%	11%	5%	2%
20	Support businesses in diversifying material sources beyond China.	49%	34%	10%	5%	2%
21	Businesses should adjust sourcing to meet AANZFTA rules and gain tax benefits.	53.2%	33%	8.2%	5%	1%
22	Collaboration with ASEAN ensures quality raw materials for FTAs.	48%	36%	10%	4%	2%
23	Joining CPTPP training helps grasp trade commitments.	51%	34%	9%	4%	2%
24	RCEP's relaxed rules boost textiles and garment.	53%	33%	8%	4%	2%
25	To compete in Australia & NZ, firms must improve quality.	52%	34%	9%	3%	2%
26	Boost capacity and competitiveness to tap into Australia and New Zealand.	39%	45%	10%	4%	2%
27	Update technology and market data to stay ahead.	48%	36%	10%	4%	2%
28	Adopt sustainable, energy-efficient models.	49%	34%	10%	4%	3%
29	Invest in research and design to add value.	51%	33%	9%	5%	2%
30	Strengthen local business ties to stay competitive.	47%	36%	10%	4%	3%
31	Brand building and protection boost competitiveness.					
32	Register intellectual property in Vietnam, Australia, and New Zealand to safeguard your brand.	48%	35%	10%	5%	2%
33	Trustworthiness is key to business success.	51%	34%	9%	4%	2%
34	Offer competitive pricing to secure long-term deals.	50%	35%	9%	4%	2%
35	Breaking exclusivity agreements may harm reputation.	47%	36%	10%	5%	2%